

SENATE BILL REPORT

2SHB 1481

As of April 15, 2009

Title: An act relating to electric vehicles.

Brief Description: Regarding electric vehicles.

Sponsors: House Committee on Finance (originally sponsored by Representatives Eddy, Crouse, McCoy, Haler, Carlyle, Armstrong, Hunt, White, Dunshee, Priest, Appleton, Orwall, Rolfes, Hudgins, Hinkle, Upthegrove, Clibborn, Morrell, Ormsby, Kenney, Maxwell, Dickerson and Pedersen).

Brief History: Passed House: 3/09/09, 71-23.

Committee Activity: Environment, Water & Energy: 3/18/09, 3/25/09 [DPA, DNP].

Transportation: 3/31/09, 4/01/09 [DPA-WM, DNP, w/oRec].

Ways & Means: 4/03/09.

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Majority Report: Do pass as amended.

Signed by Senators Rockefeller, Chair; Pridemore, Vice Chair; Honeyford, Ranking Minority Member; Fraser, Hatfield, Marr and Ranker.

Minority Report: Do not pass.

Signed by Senators Delvin and Morton.

Staff: Jan Odano (786-7486)

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Haugen, Chair; Marr, Vice Chair; Swecker, Ranking Minority Member; Berkey, Eide, Jacobsen, Jarrett, Kauffman and Ranker.

Minority Report: Do not pass.

Signed by Senators Delvin and Sheldon.

Minority Report: That it be referred without recommendation.

Signed by Senator King.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Wendy Malkin (786-7434)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Electric Vehicles. Electricity can be used as a transportation fuel to power electric vehicles. Electric vehicles are propelled by an electric motor powered by rechargeable battery packs. These vehicles typically have limited energy storage capacity, which must be replenished by plugging the vehicle into an electrical source to recharge the battery.

Electricity or Biofuel Use by State Agencies. By the year 2015, all state agencies and local government subdivisions of the state must satisfy 100 percent of their fuel needs for all vessels, vehicles, and construction equipment from electricity or biofuels. If after 2015, the Department of Community, Trade and Economic Development (DCTED) determines that the 100 percent biofuel use mandate is not practicable, then the DCTED may suspend, delay, or modify the requirement.

State Environmental Policy Act. The State Environmental Policy Act (SEPA) requires local governments and state agencies to prepare an environmental impact statement (EIS) if proposed legislation or other major action may have a probable significant adverse impact on the environment. The responsible official has authority to make the threshold determination whether an EIS must be prepared. If it appears a probable significant adverse environmental impact may result, the proposal may be altered or its probable significant adverse impact mitigated. If this cannot be accomplished, an EIS is prepared. The EIS is limited, or scoped, to address only the matters determined to have a probable significant adverse environmental impact.

Local Governments Planning Requirements. Cities and counties must prepare plans that include elements for land use and development. Cities may regulate and restrict the location and use of buildings, structures, and land for various purposes. In addition, certain cities and counties must develop comprehensive plans and development regulations under the Growth Management Act (GMA). The GMA establishes several goals to guide the development of comprehensive plans that include encouraging development in urban areas where public facilities and services exist or can be provided efficiently; reducing sprawl; encouraging efficient multimodal transportations systems based on regional priorities; protecting the environment; retaining open space and enhancing recreational opportunities; and ensuring adequate public facilities and services to support new development without diminishing service below locally established minimum standards. The GMA also recognizes the importance of rural lands and character and land use patterns should reflect the rural character.

Summary of Bill (Recommended Amendments): Puget Sound Regional Council Study. The Puget Sound Regional Council (PSRC) must seek federal or private funding related to planning for electric vehicle infrastructure deployment. These efforts should include:

- development of short-term and long-term plans for how state and local governments may include electric vehicle infrastructure in parking facilities;

- consultations with the State Building Code Council (SBCC) and the Department of Labor and Industries (L&I) to coordinate state standards to ensure that appropriate electric circuitry may be installed to support electric vehicle infrastructure;
- consultation with the Workforce Development Council and the Higher Education Coordinating Board to ensure the development of educational and training opportunities related to electric vehicles;
- development of an implementation plan for counties over 500,000 in population to achieve 10 percent electric vehicle ready parking by December 31, 2018;
- consideration of the appropriateness of state preemption of local regulation to encourage deployment of electric vehicle infrastructure; and
- development of model ordinances and guidance for local governments for siting and installing electric vehicle infrastructure.

Any plans and recommendations developed by the PSRC must be submitted to the Legislature by December 31, 2010, or as soon as practicable after securing any federal or private funding.

Electricity or Biofuel Use by State Agencies. State agencies and local governments, to the extent practicable as determined by DCTED, must achieve 40 percent fuel usage using electricity or biofuel for publicly-owned vessels, vehicles, and construction equipment by June 1, 2013.

Charging and Battery Exchange Stations. By December 31, 2015, the state must, to the extent practicable:

- install charging outlets capable of charging electric vehicles in each of the state's fleet parking and maintenance facilities;
- install charging outlets capable of charging electric vehicles in all state-operated highway rest stops; and
- install or lease space for installation of a battery exchange and charging station in appropriate state-operated highway rest stops.

Lease of Public Property. State and local governments may lease public property for electric vehicle infrastructure.

Review Under the State Environmental Policy Act. Battery charging stations and battery exchange stations will not lose their categorically exempt status under SEPA as a result of being part of a larger proposal under the SEPA rules.

Local Regulation. Local jurisdictions' development regulations must allow electric vehicle infrastructure in all zones except residential and resource zones and critical areas. A jurisdiction may adopt and apply development regulations that do not have the effect of precluding the siting of electric vehicle infrastructure.

Tax Incentives. Electric vehicle infrastructure is exempt from leasehold excise tax.

The sale of electric vehicle batteries or the installation of electric vehicle infrastructure is exempt from retail sales and use tax.

Alternative Fuels Corridor Pilot Project. An Alternative Fuels Corridor Pilot Project is authorized for five locations in the state. The Washington State Department of Transportation (WSDOT) may enter into partnership agreements with public and private entities for the use of land and facilities along state routes and within interstate highway rights-of-way.

The pilot project must:

- limit renewable fuel and vehicle technology offerings to those fuels or vehicle technologies with a forecasted demand over the next 15 years that are approved by the WSDOT;
- ensure that the site does not compete with existing retail businesses or commercial activities in the same geographic area;
- provide existing truck stop operators and truck refueling businesses with a right of first refusal over the offering of refueling services for certain types of trucks within the same geographic area as the pilot project site;
- ensure that any commercial activities at host sites do not materially affect the revenues forecast for vending operations offered by the Department of Services for the Blind; and
- regulate the internal rate of return from the partnership.

The duration of the pilot project is limited to the term of years reasonably necessary for the partnership to recover the cost of capital investments, plus the regulated internal rate of return.

The SBCC and L&I must develop rules for electric vehicle infrastructure.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (Recommended Amendments): Most provisions that impact WSDOT are subject to availability of amounts appropriated for the identified purposes, unless WSDOT receives federal or private funding for the identified purposes. However, the alternative fuels corridor pilot project is subject to the availability of existing funds, except that capital improvements related to the project must be funded with federal or private funds.

Any plans or recommendations of PSRC for electric vehicle infrastructure should include plans outlining infrastructure for publicly available off-street parking.

Clarifies that batteries for electric vehicles are exempt from the retail sales tax.

The Joint Transportation Committee (JTC) evaluation of the development of road use fees for vehicles that are not reliant on oil-based fuels is removed.

EFFECT OF CHANGES MADE BY ENVIRONMENT, WATER & ENERGY COMMITTEE (Recommended Amendments): Local development regulations must allow electric vehicle infrastructure as a use in all zones except residential and resources zones, and critical areas. A local jurisdiction may adopt and apply development regulations that do not have the effect of precluding the siting of electric vehicle infrastructure. The public-private partnership for electric vehicle infrastructure alternative corridor pilot project cannot compete with existing retail businesses or commercial activities. The SBCC and L&I must develop

rules for electric vehicle infrastructure. The JTC must evaluate the development of road use fees for vehicles that are not reliant on oil based fuels.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Second Substitute House Bill (Environment, Water & Energy): PRO: The transportation sector is the largest producer of greenhouse gases (GHG). Cleaner transportation will help reduce GHG and stop our reliance on foreign oil. There is limited production of electric vehicles and this bill would set a priority for those vehicles to come to Washington State. Cleaner fuel and transportation choices need to be available to address climate change.

CON: The land use components of the bill would allow electric vehicle infrastructure outside urban areas, areas that the state has been trying to protect. The PSRC study and the pre-emption language for rapid deployment of electric vehicle infrastructure is in conflict. There is not enough information about electric vehicle infrastructure for cities to implement the elements of this bill.

OTHER: We need to make sure that the Alternative Fuel Corridor Pilot Project does not compete with existing investments.

Persons Testifying (Environment, Water & Energy): PRO: Representative Eddy, prime sponsor; Mike Groesch, Clifford Traisman, Better Place; Jeff Finn, Seattle Electric Vehicle Association; Stu Clark, Department of Ecology; Deb Seymour, Gregory Johnsen, citizens; Richard King, IBEW; Tim Gugerty, city of Seattle; Park Woodworth, King County.

CON: Scott Merriman, Association of Counties; Dave William, Association of Cities.

OTHER: Ron Fuller, L&I; Charlie Brown, Washington Oil Marketers Association; Greg Hanon, Western States Petroleum Association.

Staff Summary of Public Testimony on EWE Recommended Amended Bill (Transportation): PRO: There are private companies that would like to come to Washington and invest money in an electric vehicle infrastructure. Washington is attractive to these companies because the state is seen as an early adopter of new technology, and it has a high proportion of green power from hydroelectric.

When larger portions of the population adopt electric vehicles, electricity use for these vehicles will no longer be minimal. At that time, methods will need to be in place to charge the consumers and to tax the consumers. This could be done through a surcharge on electricity for these vehicles or through a vehicle miles traveled tax. Some electric car

infrastructure companies and electric car consumers have testified in other committees that they are in favor of being charged and taxed for electricity use and use of these vehicles.

The JTC study was in the bill as notification to the electric vehicle community that users need to pay their fair share of tax.

One concern with electric cars is the capacity of the battery. This bill considers two technologies to solve this problem. One is a battery swap station, which would exchange a depleted car battery for a new one in the time it takes to fuel with gasoline. This will work because the operator of the swap station will own the battery. The second idea is a rapid charge station that can charge a depleted battery in 15-20 minutes.

The city of Seattle is excited about building an electric car infrastructure.

The Governor believes that reducing carbon emissions and strengthening green jobs is important for a strong economy and good quality of life. We need an economic climate that supports testing and trials of new technologies to accomplish these goals. This bill is a move in this direction.

The federal government has \$400 million available for electric vehicles. A few companies would like to do pilot projects in our state. The federal government requires projects that receive the money to have an infrastructure put in place in 2010. For this reason, the date of July 1, 2011, needs to be changed back to July 1, 2010, in Sections 9-12. The date is a deadline for local government planning regulations to allow for the development of the infrastructure.

The private/public partnership program of WSDOT is funded in both the House and Senate Transportation Budgets, so the department could implement the alternative fuels corridor pilot project portion of the bill within its existing funds. The alternative fuels corridor project encompasses more than just electric vehicles; it includes alternative fuels. The idea comes from a consultant study funded by the state. The only state contribution for the project is the land. There is new federal money to support the project, so the project could back away from commercialization by using some federal funding combined with private funding.

Persons Testifying (Transportation): PRO: Tim Gugerty, city of Seattle; Kathleen Drew, Governor's Office; Jeff Doyle, WSDOT Public/Private Partnerships; Mike Groesch, Better Place.

Staff Summary of Public Testimony on TRAN Recommended Amended Bill (Ways & Means): PRO: The Governor believes we should make progress on reducing carbon emissions and creating green jobs. This bill helps with both goals by providing incentives for the vehicles and the infrastructure they require. We have been working to define the local governments that will have impact in this bill. We are defining the local governments that will be able to apply for federal grants by 2010 along I-5 and by 2011 along I-90. We feel that it is important that across the state there is infrastructure to plug in your vehicle. Our company provides the infrastructure to electric vehicles. We want to provide the infrastructure to allow electric vehicles to be able to charge at least every 100 miles. Better Place's business model is to own the battery. You lease the battery and pay a monthly fee for

the charging of the battery. This bill would allow incentives for swap stations that would replace your battery with a charged battery. The company plans to apply for stimulus grants and loan guarantees for the electricians, labor, and equipment to put in the necessary plugs and swap stations.

OTHER: The counties view the concept as important. We need to improve the bill in order to be in support. We are concerned that federal matching money will be required from the counties. The key policy issue is preemption on the citing of these electric vehicle facilities. We are concerned about the timelines for local government to allow for this infrastructure.

Persons Testifying (Ways & Means): PRO: Kathleen Drew, Governor's Policy Office; Mike Groesch, Better Place and Electric Vehicle Infrastructure Co.

OTHER: Scott Merriman, Association of Washington Counties.